

September 24, 2003

Albertans will receive at least \$1.50 per gigajoule rebate on their bills if natural gas prices increase

Businesses, schools and others will also get rebates under winter plan

Calgary...Albertans will receive natural gas rebates starting at \$1.50 per gigajoule (GJ) when winter gas prices on the majority of bills reach the revised threshold price.

Rebates will kick in when the monthly price of gas on bills hits \$5.50 per GJ from November through March. This is different from the former threshold, which was based on an average annual Alberta gas price of \$5.50 per GJ. In order for the rebates to kick in, consumer prices for two out of three regulated utility companies must hit the threshold.

Homeowners, condominium associations, landlords, farms, businesses, municipal and community buildings, non-profit operations, as well as propane and home heating oil users will all be eligible for winter rebates, including those with contract gas supply.

During the winter, the \$1.50 per GJ rebate will be applied to bills when two of three major utility companies serving the majority of the province (ATCO North, ATCO South, AltaGas) are charging between \$5.51 and \$7.50 per GJ on customer bills. If the price goes above \$7.50 per GJ, the rebate will rise to \$2.50 per GJ. In the unlikely event prices exceed \$12.00 per GJ, Albertans will be rebated the entire amount over \$12.00 per GJ (See attached backgrounder).

An average family home in Alberta typically uses about 23 GJs during a winter month. Therefore, if the threshold price for gas were reached in January, the average homeowner would receive a credit of \$34.50 on the bill for January consumption. Most rebates will be applied directly to consumers' bills. For each winter month, the Alberta Department of Energy will announce approved utility natural gas rates and whether a rebate will be applied to bills for the coming month.

"When the regulation implementing the legislation was passed in 2001, it required a review be scheduled for the summer of 2003. That has now been completed," Alberta Energy Minister Murray Smith said. "These changes reflect what Albertans have told us. The rebate program is simplified, more responsive and re-affirms this government's legislated commitment to helping consumers when gas prices are high."

The cost of the revised natural gas rebate program will vary depending on the level of rebates and the amount of natural gas consumed. At the rate of \$1.50 per GJ, it is estimated the program would cost about \$50 million for each month rebates are paid. These rebates will be financed through the Sustainability Fund.

"This program provides assistance if and when Albertans need it most, yet encourages energy conservation because of the sliding scale values of the rebates. In any case, consumers spend less when they use less, and that's important for all of us to remember," Smith said.

The revised natural gas rebate program is in effect for a three-year term ending March 31, 2006.

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EDITOR'S NOTE

: Background information is attached.

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For more information on the Alberta natural gas rebate program go to www.gov.ab.ca

Background

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Natural Gas Rebates

Through the *Natural Gas Price Protection Act* (NGPPA) and regulation, the Alberta government can provide consumers with relief from high natural gas prices. Following a review of a number of options for improving the Natural Gas Rebate Program, Cabinet has approved several changes, which would permit greater responsiveness in the delivery of rebates to consumers when prices are high.

Here's how future gas rebates will work

- Rebates will be provided through a deduction from consumer bills during the winter period of November to March, when natural gas consumption and prices are traditionally higher.
- Rebates will be automatically deducted from bills each winter month the regulated gas utility price on the majority of Alberta consumer bills exceeds \$5.50 per gigajoule (GJ).
- Natural gas rebates will be applied to bills if and when two of the three major gas utility companies serving the majority of the province (ATCO North, ATCO South, AltaGas) are charging over \$5.50 per GJ.
- Some consumers such as large industrial consumers or those consuming propane or heating oil will have to apply for the rebate and receive a cheque from the government.

The creation of the Sustainability Fund gives government greater flexibility to access funding for rebates.

Now, rebates will kick in, if, and when the monthly price of gas on the majority of consumer bills is over \$5.50 per gigajoule, rather than the former threshold, which was based on an annual average Alberta gas price.

How much of a rebate can Albertans expect?

- To provide consumer price protection while encouraging energy efficiency and conservation, future rebates will be provided on a \$ per GJ consumption basis according to a sliding scale. This reduces per unit gas costs while keeping consumers accountable for total usage.
- For each winter month, the Alberta Department of Energy will announce approved utility natural gas rates and whether a rebate will be applied to bills for the coming month.
- While no one can say for certain if gas prices will be high during the coming winters, the prices at which gas rebates will kick in and how much of a rebate consumers could expect are outlined in the chart below.

Regulated Utility Cost of Gas for Most Consumers	Per Gigajoule Rebate	Consumer Pays	Residential Rebate (Typical average January use-23 GJ)	Small Business Rebate (Based on 119 GJ per month)
\$5.50 / GJ or less	0	Up to \$5.50 / GJ	0	0
> \$5.50 - \$7.50 / GJ	\$1.50 / GJ	\$4.00 - \$6.00 / GJ	\$34.50	\$178.50
> \$7.50 - \$9.00 / GJ	\$2.50 / GJ	\$5.00 - \$6.50 / GJ	\$57.50	\$297.50
> \$9.00 - \$12.00 / GJ	\$3.25 / GJ	\$5.75 - \$8.75 /GJ	\$74.75	\$386.75
Over \$12.00 / GJ	\$3.25 plus costs over \$12.00	\$8.76 / GJ	\$74.75 plus	\$386.75 plus

Who is eligible for gas rebates?

- Rebates will be provided to residential, commercial and eligible industrial consumers served by investor-owned gas utilities, municipally owned gas utilities and rural gas co-operatives, including those with contract gas supply. This includes homeowners, condominium associations, landlords, farms, businesses, municipal and community buildings as well as non-profit operations.
- Industrial consumers will be limited to 5,000 GJ per month per meter. The oil and gas sector are not eligible.
- Equivalent rebates will be provided to eligible users of propane and heating oil.
- Eligible consumers on contracts with retailers and direct marketers would also receive the rebate.
- Consideration will be given to agricultural consumers whose largest consumption period falls outside of the November 1 to March 31 time frame.

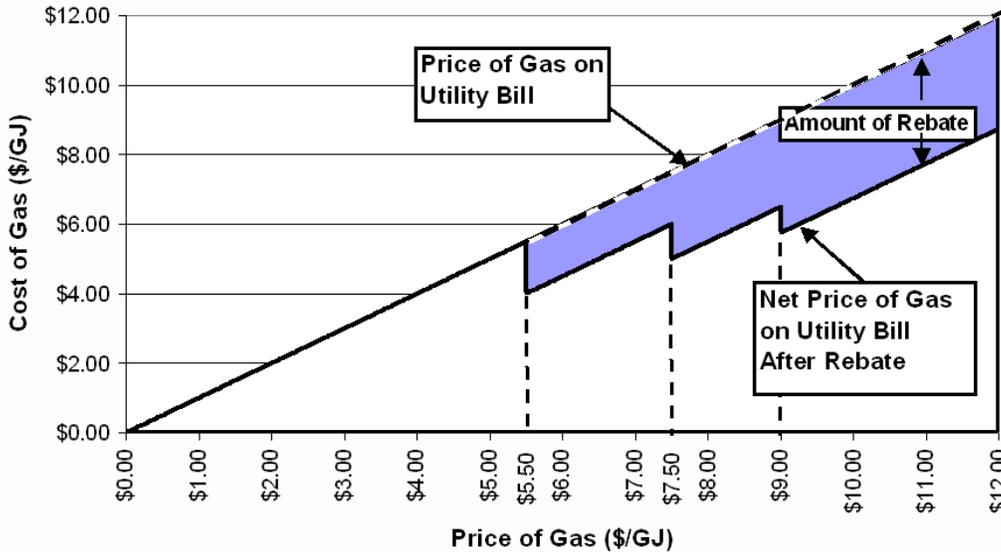
Why a winter rebate program?

- Weather plays a key role in supply and demand for natural gas, so natural gas prices typically follow

a cyclical pattern.

- A typical residential consumer uses about 135 gigajoules (GJ) a year of natural gas. Almost three-quarters of this is consumed over the five months from November to March.
- Albertans asked for a rebate program that is easier to understand and provides assistance in the winter, when natural gas prices and consumption are traditionally higher.
- The Sustainability Fund announced in the last budget gave the province the flexibility to move away from a yearly price tied to royalty revenue and use the monthly price on the consumers' gas bills.

Regulated Natural Gas Cost



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